GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:1906
ANSWERED ON:14.03.2002
LIFTING BAN ON MIDDLEMEN
SHYAMA SINGH

Will the Minister of DEFENCE be pleased to state:

(a) whether the Government have lifted ban on middlemen in defence sector during the last year;

(b) if so, whether inspite of lifting ban on middlemen, the response of middlemen is very poor as reported in the Hindustan Times dated February 18, 2002;

(c) whether the Defence Ministry is facing problems of acquiring various items due to poor response of middlemen; and

(d) if so, the strategy to be adopted by the Government to procure various items with or without the help of middlemen?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (d): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 1906 14.3.2002

A comprehensive formulation of the role, if any, which Authorised Representatives/Agents/or Sales Consultants employed by foreign suppliers for the promotion of their production may legitimately be expected to play, has been receiving the attention of Government for some time. The entire policy has been extensively reviewed recently with the objective of defining the scope, extent and condition within which such Authorised Representatives/Agents may be allowed to represent a foreign supplier or suppliers.

2. Based on this review and in order to bring greater transparency to the whole procurement process and realising that the presence of an Authorised Representatives/Agent would improve the delivery of services & follow up of post contractual obligations, the Ministry of Defence have on 2nd November 2001 issued supplementary instructions on the appointment of Indian Authorised Representatives/Agents of foreign suppliers.

3. A report in the Hindustan Times dated 18th February, 2002 has appeared on the issue. It has been reported that Agents are alarmed by this kind of a regulatory regime. The Ministry of Defence has been receiving requests from various firms for the guidelines issued by the Government in this regard.

4. The Ministry of Defence is not facing any problem of acquiring equipment for the services as a detailed procurement procedure is already in place. This procedure is being successfully implemented since 1992 and would not be/dependent upon the appointment of Authorised Representative for its success.

5. The Authorised Representatives would facilitate the availability of information, technical details and literature, trial evaluation, follow up of post contractual details. Currently these activities are being done by the Original Equipment Manufacturers (OEM) directly from abroad. The presence of an Authorised Representative of OEM would facilitate this process.